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February 7, 2011

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Attn: Robert C. Bundy, Esq.  
Special Master

Re: *United States v. Ionia Management S.A.*  
D. Conn. Index No. 07-cr-134 (JBA)  
CO&D Ref: 500172.0002

Dear Special Master Bundy:

We are in receipt of the government's response of February 4, 2011. While our client also does not wish to engage in a prolonged discussion as to the intent of the Scope of Work with respect to hourly readings, suffice it to say that the SWOMS system is, and always has been, capable of producing hourly readings. The issue that we believe the government is confusing in its response is whether those hourly readings should have been electronically transmitted to Ionia's office.

As we discussed at the last hearing, we believe that having such recordings transmitted on an hourly basis is unnecessary, burdensome and devoid of any substantive benefit, given the "without human intervention" daily reports that are being transmitted presently with sufficient information to determine the amount of any transfers made from or to any of the monitored tanks during the prior 24 hour period, as well as the noon reports that are kept on board by the vessel for future reference.

We further believe that hourly reports will unduly engage the staff of Ionia with mostly un-useful information that must be analyzed and maintained, with very little gain over the current reporting system, which heretofore has served all concerned very well. After all, the proof is in the pudding, as Ionia's environmental compliance and success in utilizing the SWOMS system in accordance with the Scope of Work has been the subject of five very detailed

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APPENDIX E  
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and probing Special Master's hearings, as well as numerous independent audits by the IEC, Mr. Wigger, and Mr. Sanborn, which have confirmed Ionia's compliance with the Scope of Work.

Having said all of the above, a technician from Vigilant Marine was dispatched to the THEO T on her recent call at New York, and we are advised that the SWOMS system was re-programmed to transmit hourly reports to Ionia. Copies of such reports are attached hereto for your ready reference, as well as, for Mr. Wigger's review and confirmation that the system is transmitting reports to Ionia's office, as requested by the government. If the Special Master, in consultation with Messrs. Sanborn and Wigger, believes that the Scope of Work was intended to require hourly reports to be electronically transmitted to Ionia's office, and that such reports are meaningful or provide useful information that is not now being more efficiently and effectively captured with the reporting system that has been in place for the last several years, Ionia will make arrangements to have the SWOMS systems on the other covered vessels re-programmed at the first opportunity that a Vigilant technician can be put on board. Again, Ionia believes that it is, and always has been, in full compliance with the requirements of the Scope of Work, without the hourly transmissions of the SWOMS data.

It should also be noted that in the final paragraph of the government's February 4<sup>th</sup> letter, the government incorrectly suggests that the M/T PLOUTOS is not presently authorized to call at U.S. ports. On October 12, 2010 a "Supplement Regarding the M/T PLOUTOS to the Special Master's Fourth Report" was filed with the Court. The Supplement recommended that the M/T PLOUTOS be authorized to call at U.S. ports, provided four (4) conditions were met; all of which have been satisfied and confirmed by Capt. Wigger. A copy of the October 12, 2010 Supplement is enclosed.<sup>1</sup> As such, the M/T THEO T, M/T FIDIAS and M/T PLOUTOS are all presently authorized to call at U.S. ports, with the SWOMS system as currently configured.

We await your further thoughts.

Sincerely yours,

CHALOS, O'CONNOR & DUFFY, LLP



Michael G. Chalos

MGC/gkk

Encl:

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<sup>1</sup> On November 10, 2010, the Court approved and adopted the supplement and its recommendations. Enclosed is a copy of the November 10, 2010 Order.

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